

Message Text

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ACTION IO-14

INFO OCT-01 ISO-00 EB-11 CIAE-00 DODE-00 PM-07 H-03 INR-10

L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 AF-10 ARA-16 EA-11 EUR-25 NEA-10

OIC-04 AID-20 OMB-01 TRSE-00 COME-00 SIL-01 LAB-06

DRC-01 /227 W

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TAGS: ECOSOC, EIND

SUBJECT: MULTINATIONAL CORPORATIONS

REF: STATE 224787 (NOTAL)

BEGIN SUMMARY. GROUP OF EMINENT PERSONS ON MULTINATIONAL CORPORATIONS (MNCS) HELD PRIVATE AND PUBLIC SESSIONS IN GENEVA NOV. 1-16. GROUP HEARD VIEWS OF VARIOUS INTERESTED PARTIES INCLUDING GOVERNMENTS, BUSINESS, LABOR AND ACADEMICS. WHILE MOST RECOGNIZED POSITIVE ASPECTS OF MNCS, WITNESSES TENDED CONCENTRATE ON ALLEGED ACTUAL OR POTENTIAL NEGATIVE INFLUENCES AND WHAT, IF ANYTHING, SHOULD BE DONE BY INTERNATIONAL COMMUNITY TO CURB ALLEGED ABUSES OF MNCS. ACCORDING TO PRESS, CHAIRMAN ANTICIPATES MEETING OF DRAFTING GROUP IN ROME IN JANUARY TO DRAFT REPORT FOR REVIEW IN NEW YORK IN MARCH BEFORE SUBMISSION TO ECOSOC IN JULY 1974. END SUMMARY.

1. ECOSOC GROUP OF EMINENT PERSONS ON MULTINATIONAL CORPORATIONS (MNCS) MET IN GENEVA NOV 1-16, 1973 UNDER UNCLASSIFIED

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CHAIRMANSHIP L.K. JHA (INDIA). PUBLIC SESSION WERE

HELD THROUGH NOV 15 AND CONDUCTED IN FORM OF HEARINGS AT WHICH VIEWS OF BUSINESS, LABOR, GOVERNMENT, ACADEMIC AND OTHER INTERESTED BODIES WERE HEARD. GROUP ALSO HELD SEVERAL PRIVATE SESSIONS. ACCORDING TO PRESS, CHAIRMAN SAID HEARINGS NOW COMPLETE AND DRAFTING GROUP WILL MEET IN ROME IN JANUARY TO WRITE REPORT FOR REVIEW IN NEW YORK IN MARCH BEFORE SUBMISSION TO JULY ECOSOC.

2. BASIS FOR DISCUSSION WAS UN SECRETARIAT DOCUMENT ON MNCS (ST/ECA 190). REVIEW OF AVAILABLE PUBLIC INFORMATION INDICATES THAT WHILE MOST RECOGNIZED POSITIVE ASPECTS OF MNCS ON ECONOMIC DEVELOPMENT, PARTICULARLY IN DEVELOPING COUNTRIES, COMMENTS TENDED CONCENTRATE: (1) ON ACTUAL OR POTENTIAL NEGATIVE INFLUENCES OF MNCS AND (2) WHAT, IF ANYTHING, SHOULD BE DONE BY INTERNATIONAL COMMUNITY TO CURB ALLEGED ABUSES OF MNCS. VIEWS OF INDIVIDUAL WITNESSES TENDED REFLECT EXPECTED REACTION (ONE BRITISH PROFESSOR--PENROSE--, HOWEVER, ARGUED ROLE OF MNCS GREATLY EXAGGERATED AND THERE NO EMPIRICAL EVIDENCE THAT THEY STULTIFYING GROWTH OF LDC'S). BUSINESS TENDED EMPHASIZE POSITIVE CONTRIBUTIONS OF MNCS AND PLAY DOWN NEED FOR ACTION BY INTERNATIONAL COMMUNITY; REPS OF LDC'S, ON OTHER HAND, TENDED EMPHASIZE NEGATIVE ASPECTS OF MNCS. AND NEED FOR INTERNATIONAL CONTROL ON ACTIONS OF MNCS.

3. PRINCIPAL THEMES WERE DICTATED BY SUGGESTIONS FOR POSSIBLE ACTION MADE IN SECRETARIAT DOCUMENT. TO EXTENT POSSIBLE GENERALIZE, MOST WITNESSES APPEARED ACCEPT NEED FOR APPROPRIATE COLLECTION AND DISSEMINATION BY UN OF INFORMATION ON MNCS BUT WITH BUSINESS RESERVING ON QUESTION INFORMATION THAT MIGHT HELP COMPETITORS. MANY WITNESSES THOUGHT INTERNATIONAL FORUM FOR DISCUSSION WOULD BE USEFUL. (INTERNATIONAL CHAMBER OF COMMERCE (ICC) QUESTIONED NEED FOR FORUM BUT DID NOT ACTUALLY REJECT CONCEPT).

4. POINTS OF VIEW ON OTHER ISSUES WERE DIVERGENT PARTICULARLY ON QUESTION OF REGULATIONS. BUSINESS COMMUNITY GENERALLY QUESTIONED NEED FOR ANY REGULATION. TO EXTENT INTERNATIONAL REGULATION NECESSARY, THEY UNCLASSIFIED

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TENDED PREFER, VOLUNTARY, NON-BINDING CODE OF CONDUCT SIMILAR TO ONE DRAFTED BY ICC. REPS OF GOVERNMENTS OF SOCIALIST COUNTRIES AND DEVELOPING COUNTRIES (WITH NOTABLE EXCEPTION OF NIGERIA) CAME OUT STRONGLY FOR REGULATION OF MNCS BY INTERNATIONAL COMMUNITY. REGULATION ALSO SUPPORTED, TO GREATER OR LESSER DEGREE, BY ANDEAN GROUP, OPEC, MOST ACADEMIC EXPERTS AND CONSUMERS UNION. COMMISSION OF EUROPEAN COMMUNITY

EXPLAINED CONCEPT OR REGULATION OF MNCS WITHIN COMMUNITY.
OTHER ISSUES DISCUSSED WERE NATIONAL TAXATION POLICY,
MACHINERY FOR DISPUTE SETTLEMENT AND TO LESSER EXTENT
TECHNICAL COOPERATION INCLUDING UN ADVISORY SERVICES
TO HELP LDC'S REVIEW AND NEGOTIATE AGREEMENTS WITH MNCS.

5. WE HAVE BEEN TOLD BY RELIABLE SOURCE, WHO PARTICI-
PATED IN MEETINGS, THAT IN CLOSED SESSIONS
GROUP DID NOT REACH ANY CONCLUSIONS. VIEWS OF EMINENT
PERSONS DIFFER ON MANY CENTRAL SUBSTANTIVE ISSUES AND
IT NOT CLEAR EXTENT TO WHICH WILL BE POSSIBLE REACH
AGREED CONCLUSIONS. IN CIRCUMSTANCES FOCUS SEEMS BE
SHIFTING TO PROCEDURE, I.E. WHAT, IF ANY, SHOULD BE
NATURE OF CONTINUING MACHINERY?

6. MISSION IS AIRPOUCHING PRESS RELEASES ON MEETING
ISSUED BY UN OFFICE GENEVA. UNDERSTAND COPIES OF
STATEMENTS DISTRIBUTED IN ONLY LIMITED QUANTITIES TO
PERSONS OFFICIALLY ATTENDING MEETINGS BUT MIGHT BE
AVAILABLE FROM UN SECRETARIAT NY (GUSTAVE FEISSEL,
SPECIAL ASSISTANT TO DE SEYNE). FOR FIRST-HAND ACCOUNT
OF MEETING, DEPT. MAY WISH CONTACT J.IRWIN MILLER
(MEMBER OF GROUP FROM US) WHO WAS PRESENT AT MOST IF
NOT ALL SESSIONS, AND FRANK BALLANCE, WHO ATTENDED
SEVERAL SESSIONS ON BEHALF OF GROUP MEMBER FROM US,
SENATOR JACOB JAVITS.BASSIN

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